

Message Text

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ACTION EUR-12

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TAGS ENRG CA US

SUBJ ENERGY: US-CANADA OIL PIPELINES AND STATUS OF TREATY TALKS

1. DECEMBER 11 TORONTO GLOBE AND MAIL PROMINENTLY REPORTS U.S. CONGRESSIONAL MOVES AIMED AT IMPOSING A "RETALIATORY PIPELINE TRANSIT TAX AGAINST CANADIAN OIL" FLOWING THROUGH THE U.S. SPECIFIC MENTION IS MADE OF LEGISLATION TO BE INTRODUCED BY REP. MATHIS (GEORGIA) AND SEN. BROCK WHO REPORTEDLY WILL OPEN HEARINGS IN JANUARY. ARTICLE (ROSS MUNRO) STATES THAT "PARADOXICALLY, SUCH RETALIATORY MOVES ARE NOT ENLISTING GREAT SUPPORT FROM MIDWESTERN CONGRESSMEN WHOSE AREAS ARE MOST AFFECTED BY CANADIAN OIL POLICIES".

2. MUNRO FURTHER STATES THAT MR. WILLIAM JOHNSON, "WHO WAS A LEADING BEHIND-THE-SCENES CRITIC OF CANADA'S EXPORT TAX WHEN HE WAS ASSISTANT ADMINISTRATOR OF THE FEA", IS ADVISING BOTH SEN. BROCK AND REP. MATHIS. ACCORDING TO MUNRO, JOHNSON SAID IN RECENT INTERVIEW THAT TIME HAS COME FOR A "CONTINENTAL ENERGY POLICY".

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3. IN SEPARATE NEWS REPORT, ENERGY MINISTER MACDONALD

EXPRESSED DOUBTS THAT USG WOULD IMPOSE ANY TRANSIT TAX AND NOTED THAT NEGOTIATIONS ON A U.S.-CANADA PIPELINE TREATY "ARE CONTINUING".

4. COMMENT:DURING COURSE OF MEETING WITH ECON COUNSELOR ON ANOTHER SUBJECT, PAM MCDUGALL (DIRECTOR GENERAL, ECONOMIC AND SCIENTIFIC BUREAU, EXTAFF) COMMENTED THAT SHE WAS CONCERNED ABOUT ANTI-CANADIAN MOVES IN CONGRESS AND THEIR POSSIBLE IMPACT ON U.S. CANADA PIPELINE TREATY TALKS. ECON COUNSELOR SAID IT DID NOT SEEM LIKELY THAT ANY FINAL ACTION ON PROPOSALS TO TAX OR OTHERWISE INTERFERE WITH PIPELINE FLOWS WOULD BE TAKEN BEFORE CONGRESSIONAL ADJOURNMENT AND IT WAS PERHAPS TOO EARLY TO SPECULATE ON WHAT MIGHT HAPPEN IN NEXT SESSION. IN MEANTIME, HE SAID, AS FAR AS HE WAS AWARE, ADMINISTRATION WAS PREPARED TO CONTINUE PIPELINE TREATY DISCUSSIONS AS PREVIOUSLY AGREED. HE ASKED WHAT PROGRESS GOC WAS MAKING IN CONSULTATIONS WITH PROVINCES CONCERNING PIPELINE TREATY, WHICH HE UNDERSTOOD WERE NECESSARY BEFORE GOC COULD PROCEED FURTHER IN TALKS. MS. MCDUGALL ADMITTED THAT NOTMUCH PROGRESS HAD BEEN MADE. "IT IS DIFFICULT TO TALK WITH THE PROVINCES ABOUT THE RELATIVELY NON-CONTENTIOUS ISSUE OF A PIPELINE TREATY, WHEN THERE ARE SO MANY HIGHLY CONTENTIOUS ISSUES SUCH AS TAX POLICY TO RESOLVE". SHE EXPRESSED DOUBT THAT GOC WOULD BE READY TO RESUME PIPELINE TREATY TALKS IN JANUARY AS PREVIOUSLY SUGGESTED BY GOC AND AGREED TO BY U.S. JOHNSON

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